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MARITIME STRATEGY MEETING

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Tuesday, October 4, 2011

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Coastline Conference & Event Center

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Wilmington, North Carolina

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6:00 P.M. to 7:00 P.M.

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ASHLEY E. FALLER, COURT REPORTER

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1 MARITIME STRATEGY MEETING
2 BY RACHEL VANDERBURG:
3 Welcome, everybody. I am Rachel Vanderburg.
4 I am the project manager of the Maritime Strategy
5 being conducted for the North Carolina Department of
6 Transportation. I appreciate everyone coming
7 tonight. I hope you had a chance to take a look at
8 the information boards about the state ports out in
9 the other room and chat with some of the technical
10 experts on the team.
11 What we wanted to do today is to give the
12 community around the Port of Wilmington a chance to
13 learn a little bit about the ports for those of you
14 who may not be familiar with the Port of Wilmington
15 and the State Ports Authority. But for the most
16 part we wanted to have an opportunity, after my very
17 brief presentation, to hear from you and your

18 questions, ideas, issues, concerns about the port.
19 I'm also going to give you an overview of the
20 North Carolina Maritime Strategy that is currently
21 under way. The goals, some expectations and a
22 timeline for that so that you can keep an eye out
23 for information on some of the output from that
24 study and also future public meetings that will
25 really be targeted on the initial result of the

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1 Maritime Strategy.
2 One thing that has been very important to this
3 process is community input. Hearing from the
4 stakeholders, including the community, is an
5 important aspect of developing the Maritime
6 Strategy. We look forward to receiving comments
7 from you tonight and as the study progresses. And
8 those can be received as oral comments after my
9 short presentation, or written comments, or after
10 our meeting through input on the website.
11 I wanted to provide a quick overview for you
12 of the state port facilities. There are two. The
13 first is the Wilmington Harbor which extends about
14 26 miles from the inlet to the Cape Fear River up
15 here to Wilmington. And, actually, the harbor

16 continues about another two miles to the turning
17 basin north of here. The channel is authorized to
18 42 feet deep. Forty-four (44) feet at the inlet and
19 has -- was deepened a few years ago to that current
20 depth.

21 In order to maintain the depth of the channel,
22 there's a biannual dredging program that is
23 conducted. I know at times the program needs to be
24 adapted to conditions of the channel.

25 The material removed from the Wilmington

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1 Harbor is actually -- has been fairly good quality
2 sand and has been placed on beaches for
3 replenishment near the inlet of the river.

4 One of the other -- the state's other port
5 facility is up in Morehead City. We actually had a
6 similar meeting to this last week up in Morehead
7 City to present information on that port facility
8 and hear input from the community surrounding that
9 port.

10 An important aspect to tonight's meeting has
11 been the issuance over the summer by the governor of
12 Executive Order 99. And here on the board, the key

13 element and directive of this executive order is for
14 the study team to incorporate the directive into our
15 study to identify activities and uses at the state
16 ports. Actually I'll read it.

17 (READING) Identify activities and uses of the
18 Wilmington and Morehead City ports that are not
19 incompatible -- these are my bold letters -- with
20 the underlying economic base and existing
21 predominant economic sectors supported by the
22 surrounding communities.

23 We want to make sure that this -- or this
24 directive is incorporated into the Maritime
25 Strategy.

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1 I want to give you a little bit of background
2 on the activities that happen at the ports today.
3 Here is some information on the trading partners for
4 Morehead City and the next slide provides similar
5 information for the Port of Wilmington.

6 As you can see from these top five trading
7 partners, both import and export, the port is doing
8 business with Asia, South America and Europe.

9 As part of the effort, looking at what's
10 happening in and around the North Carolina ports,

11 our team has been looking at where products coming
12 into and going out of North Carolina are going
13 within the United States. This first map you can
14 see with darker colors being heavier usage. The
15 destination of imports that are coming into North
16 Carolina ports, you can see with predominant usage
17 by destination in North Carolina and also the south
18 Atlantic and mid-Atlantic portion of the U.S.

19 For exports leaving North Carolina, these are
20 things that are produced or manufactured here in
21 North Carolina, you can see that North Carolina
22 shippers, that is folks that are producing things in
23 North Carolina -- I -- correction -- that North
24 Carolina ports handle products that are produced
25 predominantly out of North Carolina and the

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1 immediate surrounding states. And, again, this
2 leans toward usage of the ports by shippers that are
3 in the south Atlantic and mid-Atlantic states of the
4 U.S.

5 Given the importance of agriculture to North
6 Carolina's economy, we also wanted to take a look at
7 this particular sector. The graph here you can see

8 the solid economic contribution that agriculture has
9 made to North Carolina over the last several years.
10 This chart shows -- and I'm sure you can't see the
11 detailed lettering here, but for year by year, from
12 2004 to 2009, the growth of various types of
13 agricultural exports out of North Carolina, and even
14 when there was an economic downturn globally, you
15 can see that agricultural exports were strong.

16 So given this we also looked at where
17 agricultural exporters were sending their goods or
18 through which ports they were using.

19 On this graph you can see that North Carolina
20 agricultural producers are very reliant on North
21 Carolina ports, using other ports within the south
22 Atlantic region as well. So it's important to
23 consider their needs and we will be doing that as
24 our study progresses.

25 So the Maritime Strategy is really an

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1 outcropping of the Governor's Logistics Task Force.
2 It was identified that a more focused look at the
3 maritime needs of the state would be a good idea.
4 So we're working with that task force as well as
5 their ongoing Seven Portal Study to develop a set of

6 options and recommendations that can be considered
7 as part of a statewide logistics plan.

8 The Maritime Study scope is intended to take a
9 fresh look at work that was done before and conduct
10 an open evaluation of the alternatives for North
11 Carolina's ports and how North Carolina ports can
12 strengthen or support the economy of North Carolina.

13 We also are looking at the needs of North
14 Carolina shippers to determine what -- how overall
15 the ports play in supporting their overseas trade.

16 Based on input from a broad array of
17 stakeholders that include those users and
18 communities surrounding the ports, we are putting
19 together a set of specific strategies that can
20 support the state's decision-making and future
21 investments in and around the port facilities and
22 actually will go beyond the ports themselves to
23 include road and rail connections, potential
24 policy -- policy changes and also inland facilities
25 if that's appropriate.

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1 The study outcomes will include an objective
2 process by which the state can make decisions on

3 investment and maritime and port-related facilities
4 whether they are within the port gates or beyond.
5 Our goal is to provide information on the potential
6 benefits, cost, risks and opportunities related to
7 maritime investments to allow the state to
8 prioritize projects, develop a long-term plan and
9 develop a set of recommendations that can guide
10 future decision-making.

11 The Maritime Strategy has been under way for a
12 few months. We actually kicked off the effort in
13 May. Since that point we have been involved in some
14 pretty intense data collection, discussion input and
15 discussion with industry stakeholders and community
16 stakeholders. We have been working to develop a set
17 of potential market scenarios based on global
18 economic forecasts and market-driven data. From
19 this we will develop a set of potential
20 infrastructure needs to support various scenarios,
21 identify a set of evaluation criteria so that we can
22 present to the state by the end of this calendar
23 year a matrix of alternatives that could be
24 considered for maritime-related investment. The
25 study will be wrapped up with a final report

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1 scheduled for February of next year.

2 The Maritime Strategy is being led by an
3 executive team that has common membership to the
4 Governor's Logistics Task Force, chaired by
5 Lieutenant Governor Dalton and with representatives
6 from the governor's office as well as the state
7 secretaries of commerce, DENR and transportation.
8 Our efforts are also being guided on a more ongoing
9 basis, hands-on basis, by an Advisory Council that
10 has been named by this leadership team. And the
11 Advisory Council includes representatives from
12 various interests and maritime trade and
13 port-related development including representatives
14 from shipping lines, from the railroads, trucking
15 companies, the community at large and academic
16 interests.

17 Underlying the efforts that have been
18 conducted to date and ongoing for the Maritime
19 Strategy is stakeholder coordination. The input
20 from stakeholders, whether they be from the industry
21 or the community, is an important aspect of this
22 study. We have held several meetings and are
23 planning continued meetings with focused discussions
24 with interest groups that have specific issues,
25 ideas, concerns that relate to the Maritime

1 Strategy. We've also been conducting workshops with
2 targeting sectors of the maritime industry, some of
3 which are listed here.

4 As a related and parallel effort to the
5 Maritime Strategy, the first is really what's
6 happening tonight. It's to integrate the Executive
7 Order 99 directive into our study to obtain
8 community input and to ensure that we are
9 considering the economic needs of this community in
10 our study. We are also working with NCDOT to
11 support the development of a strategic plan for the
12 North Carolina State Ports Authority, so that will
13 also be part of the ongoing effort from the team.

14 So that gives you a very brief overview of the
15 efforts, the scope, the intent of the Maritime
16 Strategy. I'd like to turn it over to Garold who
17 will introduce the public comment session.

18 BY GAROLD SMITH:

19 Good evening. We appreciate you all being at
20 the meeting tonight. We wanted to thank you for
21 being here. Just want to go over a couple of things
22 before we start the formal public comment period for
23 this public listening session for the Maritime
24 Strategy.

25 If you were able to sign up, that would be

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1 required for the -- to be recognized for this
2 three-minute period where you could sign up at the
3 beginning. If you were unable to sign up or if you
4 decided that you would like to speak, we will open
5 the floor following the folks that have signed up
6 ahead of time. And if you would rather not sign up,
7 excuse me, if you would rather not sign up for
8 public speaking, we also have opportunities for
9 comment forms that can be submitted. And those can
10 be submitted and will also become part of the formal
11 public record. You can also go on the Maritime
12 Strategy website and submit record that way also.

13 We ask that you please stand, we will call
14 your name. If you please stand and we'll give you
15 the microphone. We ask that you limit your comments
16 to three minutes. And we have -- Steffanie will be
17 keeping time. She has a board that says one minute,
18 and at that point, we'd like for you to please wrap
19 up your comments. And then we have a stop board, if
20 you would be so kind to give the microphone. We
21 want to make sure we're being respectful of
22 everyone's time here to give everyone an opportunity

23 to speak.

24 We would like to set some ground rules. First

25 of all, when you're given the microphone, if you

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1 could stand up and state your name, we do have a

2 court reporter here tonight, so she will be

3 recording your comments and your name for part of

4 the formal public record. We realize that there's

5 varied opinions in a group such as this so we ask

6 that everybody be respectful of each other's time

7 and opinions. And please try to keep conversations

8 at a minimum when other folks are speaking so we can

9 make sure to record all the comments. Thank you

10 very much.

11 First we have Paul Brown. If you could raise

12 your hand, Mr. Brown. Roger Kerr and then we'll be

13 followed by Toby Bronstein.

14 BY ROGER KERR:

15 Thank you. My name is Roger Kerr, K-E-R-R.

16 And I live in Southport and I just want to make a

17 couple of comments. Comments that I've read for the

18 first time in this maritime brochure. And the first

19 one is it states that communities surrounding the

20 North Carolina ports are an important part of
21 Southport. Southport is a small fishing village
22 generated in 1792. And it truly wants to stay that
23 way. It does not want to make a port in its
24 backyard.

25 The next comment in there was define market

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1 scenarios in which the state could realize economic
2 benefit. That's a no-brainer. Helen Keller could
3 see that this was going to develop an economic
4 benefit, but at the cost of who? The cost of
5 Southport and Brunswick County is going to fund this
6 with the problems that will be surrounded by it.
7 We're going to lose a portion of a bird sanctuary.
8 A very exclusive community will be disrupted.

9 Another comment is conduct analysis for
10 environmental screening. How in the world are you
11 going to screen a couple hundred foot crane plus
12 containers that are stacked six to eight high? It's
13 just not going to happen.

14 Another comment. North Carolina is already
15 the home of two international ports. That's right,
16 it is. Morehead City, Wilmington, we have another
17 one just south of us in Charleston. Is there one

18 really needed here? State will tell you yes. And
19 why will they tell you yes? Because they made a
20 very huge, embarrassing, costly mistake. They
21 bought 600 acres -- I can't read what that says --
22 thank you. They bought 600 acres they now can't do
23 anything with.

24 My final comment is this is common sense. I
25 defy anybody on the feasibility study to go from New

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1 York to California, Illinois to Texas, and tell them
2 I want to ask you a question, I want to build a port
3 between one of the biggest emissions facilities in
4 the northeast and a nuclear power plant. What do
5 you think about that? I will guarantee you 90
6 percent would say are you out of your mind? Thank
7 you.

8 GAROLD SMITH: Toby Bronstein and then
9 followed by Tony McNeill.

10 BY TOBY BRONSTEIN:

11 My name is Toby Bronstein. And I'm
12 representing Save the Cape. I'm really glad that
13 this brief overview talked about Governor Perdue's
14 Executive Order 99 because that is the sole focus of

15 my remarks tonight. And what I'd like to do is read
16 you the fourth clause from E-0, Executive Order 99.
17 It's entitled, Ports and Local Economy
18 Compatibility. And the fourth recital of Governor
19 Perdue's Executive Order states, (READING) Whereas,
20 it is important for state-owned and state-operated
21 facilities to work with local governments and
22 private neighbors to coordinate activities in such a
23 manner that they may have an overall positive impact
24 in the community of which they are a part.

25 Now, I know the Department of Transportation

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1 and perhaps AECOM, URS is interpreting the
2 governor's order very narrowly. Specifically to the
3 ports of Wilmington and Morehead City. But, again,
4 I will repeat in this fourth recital, it says,
5 (READING) For any state-owned or operated facility.
6 It is not specific to Morehead City and the Port of
7 Wilmington. The six towns and communities that
8 would be most impacted by this port have all said
9 no. They said it loudly. The towns of Southport,
10 Caswell Beach, Oak Island, Boiling Spring Lakes, St.
11 James and Bald Head Island have all said we do not
12 feel that this is community compatible.

13 Now, if the executive order of Governor Perdue
14 is to be respected, honored and obeyed, the North
15 Carolina International Terminal must thereby be
16 immediately revoked, taken off the table for any
17 further consideration.

18 So I guess that is what our position is and
19 we're still waiting for an answer on that. So we're
20 hoping that at some point we will get an answer to
21 that.

22 That's really the end of my comments.

23 GAROLD SMITH: Tony McNeill. And next up
24 will be Representative Iler.

25 BY TONY McNEILL:

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1 Thank you. My name is Tony McNeill and I'm a
2 lifetime resident of Brunswick County, the school
3 system and UNCW. The opposition to the port here
4 has been going on for three years and they got a
5 head start on us that support it. We totally --
6 there are many of us that do support this
7 feasibility study. And that's just what we're
8 doing, a feasibility to see if the state can support
9 this.

10 The main opposition to this are the retirees.
11 We do not consider -- the ones that grew up around
12 here, work around here, we do not consider this a
13 retirement community. I'm sorry. Go further south.
14 That's all I can say.

15 But on the opposition remarks, they talk about
16 pollution, they talk about, you know, the wetlands,
17 all this stuff. The wetlands around Cape Fear, you
18 know, all the state drains to this area. That's one
19 cause. And in the late 1800s they blocked three
20 natural inlets that ran through the east side of the
21 Cape Fear River between Bald Head and Fort Caswell.
22 Now, that has some effect. Once it closed off in
23 the late '90s, that's when the water from Brunswick
24 Bay, Cape Creek, Cedar Creek, it's all stagnant
25 water, no water flow. If Save the Cape wants to do

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1 something, get the rock oil taken out and get the
2 water flowing back through.

3 The tract -- I agree with everybody on the
4 tract. There needs to be a separate road from the
5 port to Highway 17. Only allow semi-trucks access
6 from 17 to Southport. No trucks on the road. You
7 can't even grade the road system because there's no

8 room right now so to speak.

9 The other thing is it's a safety issue when it
10 comes to Sunny Point and to CP&L. If somebody has a
11 choice to blow up either Sunny Point or CP&L or a
12 container full of TPs, what are they going to
13 choose? You are no more safer now, or unsafe now
14 than you would be when that container port was here.
15 It's -- that's common sense.

16 Just so much to say. The anti-erosion. They
17 talk about the erosion about the port is going to,
18 you know, the dredging is going to cause -- there's
19 no proof in that. And the cost. All these beach
20 communities that support, you know, that are opposed
21 to this, they always support every year with their
22 hand out for beach nourishment millions and millions
23 of dollars. Why don't they this time take a little
24 bit of that money and give it back to the whole
25 state instead of taking it and keeping it to y'all's

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1 self to renourish the beach every year. Thank you.

2 GAROLD SMITH: Representative Iler will
3 be followed by Pete Donofrio.

4 BY REPRESENTATIVE ILER:

5 Thank you very much. I'm Frank Iler. I
6 represent the area that's being talked about so far
7 as the main port in the south of Brunswick County.
8 I represent most of Brunswick County. And this has
9 been an issue for over a year and a half, two years,
10 as far as I'm concerned at least or since the land
11 was purchased.

12 I'm impressed today with a couple of things
13 that the motivational team said earlier. They start
14 with the facts and move forward and not start with
15 the conclusion and work backwards and I hope that's
16 correct and I applaud you for stating that earlier
17 today.

18 And as my friend in the press over here can
19 tell you, for a year and a half I've been asked if
20 I'm for or against the port. I've been saying I'm
21 skeptical. I'll tell you why. I think I've got
22 three good reasons. I haven't seen a comprehensive
23 business plan that makes any sense. An investment
24 by somebody is going to be \$3- to 4 million,
25 minimum. This is going to be a port, rail,

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1 highways, dredging, et cetera.

2 The second thing is I was promised in June of

3 2010 by the CEO of the Ports Authority that there
4 would be a private partner before anything is built.
5 And that private partner that they had disappeared
6 sometime before that. And I don't know if that's --
7 I've been told by the team that would be considered
8 as a possibility as part of the alternative of a
9 private partner, and said it would not be built by a
10 private partner. They want to turn their
11 investment, they want to be able to make a profit.

12 Jasper County in South Carolina has already
13 spent on their project \$40 million on studies. The
14 study doesn't include any of the Gulf ports I've
15 been told as competition. It only includes the east
16 coast ports. I wish they would include the Gulf
17 ports which many indicate that the southeast is just
18 as close to some of our towns in the southeast.

19 A longshore magazine came out and said
20 recently that longshoremen are actually for it,
21 hoping for jobs, which I'm all about jobs. I'm
22 skeptical about jobs. The longshore magazine came
23 out and said 123 percent of capacity on the east and
24 Gulf coast, you know, after the Panama Canal
25 already. Environmental issues, air quality, the

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1 water quality, whatever comes out of the Cape Fear
2 lands right behind my house on Oak Island.
3 Environmental issues like gasoline. We're already
4 at 42 feet. How about 54 feet? Salt water
5 intrusion will increase, collateral damage and
6 marshes, estuaries and beaches and tourism.

7 So those three things: Environmental and
8 having a private partner doesn't make any business
9 sense and collateral damage. And until these
10 questions are answered, I will remain skeptical.

11 GAROLD SMITH: Pete Donofrio followed by
12 Michael Rice.

13 BY PETE DONOFRIO:

14 Good evening, folks. My name is Pete Donofrio
15 and I'm a 20 year resident of the Cape Fear region
16 and I'm also a former employee of the State Ports
17 Authority. And from some of the comments that you
18 heard tonight, I don't want you to get the
19 impression of people who are opposed to this port in
20 Southport are opposed to the state ports of North
21 Carolina or of North Carolina developing and
22 maintaining its maritime tradition. That's not the
23 case. What we're looking at here -- can you hear
24 me? Is this all right?

25 What we're looking at here is the wisdom of

1 investing this kind of money. Money that the state
2 really doesn't have at this point in time to work on
3 a plan or a project that has really dubious
4 expectations. And I say that because I've seen how
5 these things develop.

6 In my time at the State Ports Authority we
7 originally thought that by keeping the Cape Fear
8 down to 42 feet we would attract additional
9 business. It didn't happen. All it did was enable
10 us to maintain all the Chinese lines.

11 What we wound up doing, therefore, is giving
12 that particular line the ability to sit back and say
13 to another port, a competing port, listen, if you
14 don't give me what I ask for, I can go to Wilmington
15 if you don't like it.

16 And we also had a situation here where somehow
17 we thought business was going to improve to the
18 point that it justified the purpose of the
19 procurement of four additional cranes from China
20 about five years ago. I drive by the port all the
21 time, as probably a lot of you people do, and I
22 would venture to say that those cranes are not doing
23 anything perhaps 80 percent of the time.

24 So a lot of the things that we thought were

25 going to come to the Port of Wilmington because of

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1 this building enable come-type approach did not
2 materialize. We've seen that happen. What I just
3 wanted to say was we are only -- we have to make the
4 decision not to get involved in this game that the
5 rest of the south Atlantic ports are playing. Every
6 time you open up another player, every time you open
7 up a port to compete for these foreign flag mines to
8 come in with their mega ships, all you're doing is
9 allowing them to play one port off against the
10 other. You're going to develop a great war that
11 causes the whole business to be nonproductive, to
12 lower everybody's earnings in this. You don't want
13 to get caught in that trap. Keep North Carolina
14 ports the way they are right now. Don't get sucked
15 into this thing of build it and they will come.
16 Thank you.

17 GAROLD SMITH: Michael Rice will be
18 followed by James Register.

19 BY MICHAEL RICE:

20 Thank you, Garold. I'm Michael Rice. My
21 organization is Save the Cape. The cape in question

22 is the Cape Fear. And they have a problem in the
23 other room. Rachel, I think I told you that I'm an
24 engineer.

25 We learned that in order to solve a problem,

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1 it must first be properly stated. And very often
2 the statement of the problem suggests the answer.
3 Here is the slide. This is the premise of the study
4 creating a vision for North Carolina ports. That's
5 the wrong premise. We don't need a marketing study
6 for the ports. Jimmy Oakley (phonetic) already
7 knows all he needs to know to market the ports. We
8 need to create a vision for North Carolina
9 international commerce. That's the start. That's
10 where North Carolina will benefit. Determining what
11 commerce needs, not what the ports need.

12 The ports after all are an expense. They're
13 subsidized. And we see that in all the elements of
14 the study promoting the ports. What does it take to
15 bring traffic to the ports? To be sure there's been
16 some useful materials, the slide on agricultural
17 exports is the right thing. And we hope that there
18 will be useful data emerged from this study on the
19 needs of North Carolina commerce, not the needs of

20 North Carolina ports. It's too easy to see in this
21 study that it's an effort to justify a decision that
22 was made in 2005. Money was spent and it's -- move
23 the project along. Try to save it. We see that in
24 Raleigh. We see that in administration. And we see
25 that in the General Assembly.

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1 Now, let's go to the other slide. The outer
2 port. We had hoped, because this was presented as
3 the final study on this issue, that there would be a
4 quantitative output, a useful decision. Something
5 that would tell us yes or no on ports and what
6 direction to go. And it does not appear there's
7 going to be anything that clear.

8 A very useful tool that the study team can
9 present to the state of North Carolina is the
10 benefit-cost analysis to quantifying investment
11 decisions and not let them be driven by politics.
12 We hope that that output is produced and that useful
13 output will be available to Roberto and his team and
14 to the General Assembly. Thank you very much.

15 GAROLD SMITH: James Register will be
16 followed by Chuck Kiebler.

17 BY JAMES REGISTER:

18 I'm James Register. I was born and raised in
19 North Carolina in Wilmington. I now live in Ocean
20 Isle Beach. I am a little over 40 some years on the
21 Cape Fear River as a riverboat captain, and I don't
22 disagree with the question, where is the money
23 coming from is a good question. And it should be
24 answered. But I do not think that 600 acres
25 constitutes a mega port. The current port we have

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1 now, the current container port, the State Ports
2 Authority in Wilmington is 800 acres. So it does
3 not constitute a mega port.

4 The other thing is most of the people in the
5 room shaking their head are retired people from
6 someplace else. If there's one thing that I really,
7 really dislike about anything, is whenever someone
8 comes into my house and tells me how to run it. I'd
9 rather that this stay with North Carolina people.
10 And as I told the young lady up here, just because
11 the cat had a litter of kittens in the oven we don't
12 call them biscuits down here in the south [sic].

13 Thank you.

14 (APPLAUSE)

15 GAROLD SMITH: Chuck Kiebler will be
16 followed by Jim Miller.

17 BY CHUCK KIEBLER:

18 I'm Chuck Kiebler. I'm a resident here in
19 Wilmington, lived here since 1991. I have a wealth
20 of experience in the industry. Worked for a many
21 years -- helped develop this market and so I'm very
22 much aware of the commercial base, maybe the
23 customer needs as well as the complexities of
24 working with a global carrier.

25 One of the things I was just interested in, in

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1 the study said that 40 percent of North Carolina
2 business were freight-based in South Carolina or
3 Georgia in order to slide that -- I was just
4 thinking is that good or bad? I don't know. I
5 mean, if you're looking at it from a supply-chain
6 source, you have customers offshore or consumers,
7 foreign carriers basically sending vessels to ports
8 all over the world. I doubt we're going to add any
9 American carriers because we all understand that
10 they can't compete cost-wise. The question is, what
11 is this going to cost us and what is the payback?

12 Just because we have a lot of customers in North
13 Carolina, there's got be an economy both for them to
14 switch to Wilmington. Not just for North
15 Carolinians, not just because the taxes. There has
16 to be financial gain as well as not disrupt their
17 supply chain. That takes a long time to develop.
18 But you've got to have the commitments from port
19 carriers. The big players in the game for five or
20 seven years to commit vessels, new vessels and more
21 vessels here to justify the cost of going to this
22 facility.

23 If it didn't exist, you'd have to say what
24 happens if it doesn't exist, if Wilmington, Morehead
25 City are servicing two percent of the market? If

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1 the port wasn't here, would the customers go out of
2 business because they had to be serviced in Norfolk,
3 Charleston, Savannah? The answer to that question I
4 think is no.

5 So, again, are we making a good business
6 decision? Would a banker loan you the money? And
7 the key is the businessman has to be represented,
8 and if it makes financial sense, then I'm for it
9 just like anybody else. But we've got a \$4 billion

10 deficit in Raleigh. Each one of our local economies
11 are affected by reduction of monies in our counties.
12 So we have to improve where our money is being
13 spent. Not being self-served about a particular
14 need by a particular set.

15 I've been in the trading business. I've
16 worked for carriers for over 20 years. And I've
17 worked for foreign carriers. So I understand what
18 they're thinking. What you're thinking isn't what
19 they're thinking. And that's all. I'll leave it at
20 that. I do look forward to the final study.

21 GAROLD SMITH: Jim Miller will be
22 followed by Bill Helms.

23 BY JIM MILLER:

24 Good evening, I'm Jim Miller. I'm a ten year
25 resident of Southport, and a member of No Port/

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1 Southport. Creation of the functional effective
2 maritime strategy for North Carolina will be a
3 critical factor in the evolution of shipping for
4 other port-related industries in the state. It's
5 therefore incumbent upon the Maritime Strategy team
6 to seriously consider and give extraordinary weight

7 to the economic factors which have and will impact
8 these industries in North Carolina.

9 It's our contention that such consideration by
10 the Maritime Strategy team will lead to the
11 determination that North Carolina will be best
12 served in terms of new jobs and expended port
13 traffic by a strategy that focuses on improvement of
14 existing ports and not only creation of a new port.

15 In consideration in regards to who is in favor
16 of building a new port, the North Carolina State
17 Ports Authority leaned heavily on the expansion of
18 the Panama Canal. That argument held that a widened
19 canal will lead to larger ships coming to the east
20 coast.

21 What the North Carolina Ports Authority did
22 not factor in apparently is what the CEO of the
23 Panama Canal did consider. Alberto Aleman, CEO of
24 the Panama Canal, has stated that any increase in
25 large ships through the Panama Canal will be able to

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1 be handled by two deep-water ports on the east coast
2 and one on the Gulf of Mexico. He is quoted as
3 saying, the east coast has many ports. And the
4 large container ships are not going to stop at every

5 port. That's from the Longshoreman Shipping News,
6 February 28th, 2011.

7 So here we have a knowledgeable, unbiased
8 expert stating that the vast majority of ports on
9 the east coast will not see increased traffic and
10 may never see any of the larger ships making port
11 calls.

12 There are already two ports in the southeast,
13 Norfolk and Savannah, that can handle or are
14 preparing to handle larger ships. And several other
15 ports are planning to deepen their channels.

16 If this were a race, North Carolina's thoughts
17 about a deep-water port would be considered a
18 non-start. A full ten years behind everyone else.
19 Among the other economic factors in the packing and
20 shipping industry in the southeastern U.S., the most
21 telling statistic is the access of overcapacity that
22 now exists. Coming from sources including the
23 Maritime Strategy team and Dr. Davis of the Citadel
24 confirmed that overcapacity for handling containers
25 in the southeast states will let us pass the year

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2 This data confirms that building a new port
3 will simply not work on a capacity on an industry
4 that is already overcapacity. We strongly urge,
5 therefore, that the Maritime Strategy committee
6 focus heavily on ways in which existing port
7 facilities and infrastructure can be expanded and
8 improved upon in order to attract more in-state
9 generated shipping such as furniture, agriculture,
10 textiles, chemicals. This strategy will lead to
11 longer term job improvement, new jobs and
12 potentially additional revenue state an increased
13 use of our ports. We'd also draw your attention to
14 the Virginia pilot which indicates that more
15 business is going to Hampton Roads.

16 GAROLD SMITH: Bill Helms. After
17 Mr. Helms we have two more folks that are signed up
18 to speak. If you would like to sign up to speak,
19 we'll put the sign-up sheet up at the front table
20 where you can sign your name and we'll be able to
21 recognize you.

22 BY BILL HELMS:

23 Thank you. My name is Bill Helms and I work
24 for SSA Cooper here at the port. We employee about
25 350 to 400 longshoremen, and that represents about

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1 \$10 million in wages and salaries for those.
2 Without the Port Authority in Wilmington, it would
3 be very detrimental to them. We also -- the company
4 that I work for is the largest private-owned
5 stevedoring company in the world. We operate in
6 just about every port along the east coast and on
7 the west coast as well. Every port for the past
8 three or four years has seen a decline in business.
9 That is strictly due to the economy we're all living
10 in now.

11 I appreciate the Maritime Strategy committee's
12 efforts and we support you a hundred percent. Thank
13 you.

14 GAROLD SMITH: Susan Maynard.

15 BY SUSAN MAYNARD:

16 My name is Susan Maynard. I'm a resident of
17 Southport and also a member of No Port/Southport and
18 Save the Cape. I want to share with you some facts
19 that I have found. Many studies have been done on
20 the effects of ports across the world.

21 The first effect of the port is environmental
22 pollution. Ports are the biggest unregulated
23 polluters on earth. They kill 6,000 people every
24 year. 9,000 of those deaths are in the United
25 States. The proposed port would be the third

1 largest port in the U.S. after the ports in Long
2 Beach, California, and Newark, New Jersey. It would
3 devastate our environment and our health.

4 The port will poison our air and possibly
5 endanger our drinking water if the dredging pierces
6 our aquifer. Port pollution from thousands of
7 trucks, diesel engines causes disease and death.

8 According to the American Lung Association,
9 they cause cancer, cardiovascular disease, lower IQ
10 in children, birth defects, elevated infant
11 mortality, higher mortality in children under age
12 five, and shortened life spans. Particulates, the
13 tiny carcinogenic material from diesel engines, can
14 travel 25 miles through the air around the port and
15 along the highways. How can this be good for North
16 Carolina?

17 We will lose our fishing and tourist
18 industries that economically support many of our
19 citizens and our towns. Ports kill fish and fowl
20 beaches. Home values drop. Studies show that the
21 homes around ports lose 30 to 50 percent of their
22 value because they become undesirable places to
23 live.

24 Pollution is bad for your health, especially
25 for your kids. Ports increase crime. There would

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1 be increased security risks. The port would be
2 located in the aboveground storage of spent nuclear
3 fuel at Progress Energy and next to the large
4 ammunitions storage depo which is next to the
5 largest ammunitions storage depo in the western
6 hemisphere. Motsous (phonetic) supplies ammunition
7 for our troops in Iraq and Afghanistan. The Army
8 Corps of Engineers who are responsible for the
9 levees breaking in New Orleans during Katrina will
10 be blowing up rock under the river to make a channel
11 for the port.

12 An accident, explosion, terrorist attack or
13 dirty bomb in a container at the proposed port can
14 render a large part of the U.S. east coast
15 inhabitable for decades.

16 We face economic losses. The North Carolina
17 Ports Authority business plan says it will cost 2.5
18 million to build the proposed port. They also say
19 in their business plan, and I quote, "That the
20 numbers used are hypothetical or tentative," end
21 quote. So the numbers of jobs will be about half.

22 A study by Lisa Groveback (phonetic) from
23 California State University shows the areas around
24 ports have higher unemployment.

25 GAROLD SMITH: I have a name here that's

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1 signed up. I apologize, I can't read the last name.
2 The first name is David.

3 BY DAVID SEPSeninOL:

4 It's Sepseninol.

5 All of my points have been made already. I
6 will not repeat them. I would choose personally,
7 however, to address the gentleman in the yellow
8 shirt and let him know that I am one of those
9 executable retirees.

10 I make this my home. I pay my taxes. And
11 like you, I enjoy my grandchildren making a visit.
12 I am concerned that if I don't act, I will impair
13 their health and their future to say nothing of your
14 grandchildren and your children. That's it.

15 GAROLD SMITH: Andy Wood will be followed
16 by Eric Stromberg.

17 BY ANDY WOOD:

18 Thank you. And I have to do -- most of my

19 comments have already been covered tonight and I
20 appreciate that, but as a representative of Audubon,
21 North Carolina, I do need to make note that if this
22 port goes through, and I'm very glad that you are
23 looking at a comprehensive plan, if an expanded port
24 in the Southport area goes through, we'll have
25 negative consequences on Battery Island and several

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1 of the dredge islands in the mouth of the Cape Fear
2 River. One battery that supports over ten percent
3 of North America's White Ibis breeding bird
4 population. And I know for a lot of people, my
5 talking about impacts to wildlife is laughable when
6 we're talking about jobs.

7 However, this state port is not about jobs.
8 This state port and other state ports and actually
9 our economy is run by faulty national corporations
10 and is about profit. So we need to be really
11 careful when talking about these huge endeavors.
12 Not to believe that it's all about jobs. It's
13 really about corporate profit and that can come at
14 the expense of the communities within which those
15 places operate.

16 And I want to read a quick quote, and it's

17 just a line from Will Durant, author of "Lessons of
18 History," who remind us when a group or civilization
19 declines, it is through the failure of its political
20 or intellectual leaders to meet the challenges of
21 change.

22 The state port, or the international term
23 that's been talked about, was conceived back when we
24 had different economic times. When we were in a
25 different economic paradigm.

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1 China and India right now have a global
2 population of close to 4 billion people now have
3 internet. They know what the American way of life
4 is and they want it. China has already reserved
5 grain in American silos for their consumption.

6 We need to move into the 21st century and
7 realize this is a new world. Big ships may not be
8 the answer. We're operating in an old paradigm. I
9 could go on for a long time about impacts to
10 wildlife and to habitats, but also impacts to
11 humans.

12 We're looking at saltwater intrusion. Bottom
13 land freshwater swamps that are already gone. Look

14 at the dead skeletons of bald cypresses as a result
15 of dredging the Cape Fear River. I'm not
16 anti-economics. As an ecologist I'm actually deeply
17 involved in economics.

18 What I'm in favor of is what's happening
19 tonight, public input and a process that involves
20 very deeply thought out strategic planning. And I
21 think that we have an opportunity here with a 600
22 acre tract of land that may soon be up on the
23 chopping block to possibly conserve that for future
24 generations to benefit from.

25 Again, when a group or civilization declines,

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1 it is through the failure of its political or
2 intellectual leaders to meet the challenges of
3 change. And that's where we are right now, facing
4 change.

5 GAROLD SMITH: We have one more speaker
6 signed up. I would like to add if you would like to
7 be recognized to speak tonight, if I could have you
8 come up to the table and sign the green sheet;
9 otherwise, at the conclusion of those that are
10 signed up, we will be concluding the public comment
11 period. Eric Stromberg.

12 BY ERIC STROMBERG:

13 Thank you. This is a great forum. I used to
14 run the North Carolina ports. And I appreciate
15 public forums. We went through a number in my
16 tenure as CEO.

17 The comments here tonight, some have been -- I
18 think most have been well informed, some have been
19 less informed. But I think the point I would like
20 to make is that those who talk about the importance
21 of North Carolina's ports to the economy make a very
22 good and strong point.

23 We exist in a very difficult competitive
24 environment absolutely acknowledge between
25 Charleston and Norfolk. But we provide a lot of

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1 jobs at these ports. The focus on NCIT I think is
2 good. The ports themselves have been pushing a good
3 investment looking at the future. But clearly the
4 economic climate today, ports have a much less
5 robust future in terms of international trading than
6 it did just a few years ago.

7 However, this is a cyclic business and it will
8 go up and go down. I think the ports have stated

9 that future investment and new facilities will
10 depend on the marketplace, on an equity
11 participation. I think that makes a lot of sense.

12 Clearly public commerce cannot support much
13 infrastructure. And those investments need to be
14 very carefully measured in terms of their return and
15 the economic benefit that they will generate. I
16 hope that this study addresses the needs of the
17 existing facilities in Morehead and in Wilmington.
18 And understanding the critical infrastructure
19 requirements that are needed to assure that those
20 ports continue to operate at full capability in the
21 years to come.

22 We have a reputation here of doing things
23 better. That's how we've succeeded against these
24 bigger ports on either side of us. Our labor forces
25 are superb. Public and private partnerships are

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1 well in place and that is critical for our future.

2 I would conclude by applauding AECOM and URS.
3 I wish I had a couple million bucks to put into
4 facilities at our ports. Studies are good. I'm not
5 saying that they're not. But we spend a lot of
6 money on studies and it would be nice to put some of

7 that money in the ground. Thank you very much.

8 GAROLD SMITH: Kemp Burdette.

9 BY KEMP BURDETTE:

10 My comments are -- I'm Kemp Burdette. I was
11 actually born and raised here. And I'm the Cape
12 Fear River Keeper. My comments are fairly broad. I
13 heard several people talk about cost-benefit
14 analysis tonight. And I came to the information
15 session earlier and there seems to be a lot of focus
16 on economic impacts and the cost-benefit analysis of
17 economic benefits and a lack of environmental
18 impacts in that cost-benefit analysis. And I would
19 just urge that the North Carolina Maritime Strategy
20 study consider environmental impacts as part of your
21 cost-benefit analysis because the resources that our
22 river has are important to our economy. They're
23 important to our fisheries, our recreation. We
24 could go on and on, and if you look at this without
25 considering this, you'll be missing a big piece of

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1 that whole puzzle. And I think this is, you know, a
2 positive thing. Public input, public participation
3 is always great. But I think if you fail to do

4 that, you will lessen your credibility by leaving
5 that whole part out.

6 So please -- I know it's not an easy thing, we
7 discussed this a little bit earlier. I know it's
8 not as easy to put hard numbers on things like that,
9 but I think it can be done.

10 I think one way to do that would be to involve
11 -- there's a lot of people in North Carolina and
12 other places that have a lot of great information
13 there. And I think involving those people, both
14 sides of the issue and bringing a team together that
15 can evaluate what this environmental cost could be,
16 what the environmental benefits is going to be is a
17 great idea.

18 GAROLD SMITH: Hal Davis.

19 BY HAL DAVIS:

20 Good evening. I'll try not to bore everyone.
21 I work at the State Ports Authority. I've been
22 there going on 40 years. The infrastructure of the
23 port, the existing port at Wilmington is in very
24 poor condition. Looking at that, knowing that, and
25 working with that, is it time to move onto a bigger

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1 international port? Okay.

2 I also talked to Carl Stewart and Tom Ingram
3 in 2009 at the board meeting. And they're talking
4 about this mega port they're going after to build,
5 and the ships may come. But they're still not going
6 to cut the smaller ships and the smaller shipping
7 lines that can service our port here that we can go
8 after. And it's called break bulk cargo. And in
9 break bulk cargo, you have to handle that with more
10 people. And right now they downsized a great deal
11 of the people at the facility at the port.

12 We're working understaffed. By -- but, you
13 know, all these other statistics, no, I don't know
14 about, but I do know about that down there. And
15 just consider that when it's time to come across, I
16 guess. International port. It took us in the '80s,
17 one thing was deepening in the port.

18 Another thing. We need an interstate
19 connection. How long is it going to take all that
20 to get done at Southport? Any questions?

21 BY GAROLD SMITH:

22 Ladies and gentlemen, we want to thank you all
23 for coming out tonight. With Mr. Davis's comments
24 that does conclude our public comment session.

25 Again, we thank you for coming out. We would

1 encourage you to make sure to keep your eyes on the
2 website which is ncmaritimestudy.com. We will have
3 announcements of upcoming public meetings, and
4 meeting materials are all available online. We also
5 have an opportunity for you to submit questions or
6 comments on the website that will be directly
7 addressed to the leadership team, as well as NCDOT
8 will be returning those comments back to you.

9 If you have not had an opportunity to fill out
10 a comment sheet, they're in the other room, please
11 feel free to fill those out and leave them in the
12 comment box. And if you have any questions, we'll
13 be here for a few more moments. Thank you again.

14 (WHEREUPON THE MEETING WAS CONCLUDED AT
15 7:00 P.M.)

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1 C E R T I F I C A T E

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3 STATE OF NORTH CAROLINA)
4 COUNTY OF ONSLOW)

5 I, Ashley E. Faller, a stenotype court
6 reporter and notary public in and for Onslow County,
7 North Carolina, do hereby certify that the foregoing
8 50 pages are an accurate transcript of the meeting
9 of the North Carolina Maritime Strategy taken by me
10 in machine shorthand and transcribed by me
11 personally.

12

13 This the 13th day of October, 2011.

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17 _____
Ashley E. Faller
Notary Public# 200910400041

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